

United States Senate

WASHINGTON, DC 20510

January 31, 2020

The Honorable Charles P. Rettig
Commissioner, Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Commissioner Rettig:

We write to you today on EITC Awareness Day. Every year since 2007, the Internal Revenue Service (IRS) has marked EITC Awareness Day as a way to draw attention to the Earned Income Tax Credit and other refundable credits that give hard-working families a much-needed financial boost. We thank you for this annual effort.

The EITC is one of the most powerful anti-poverty tools the federal government has at its disposal. In 2018, the EITC helped lift 5.6 million individuals out of poverty, including nearly 3 million children. Yet, the IRS estimates that only four-out-of-five eligible households claim and receive the EITC – meaning 20% of eligible households do not. We appreciate your ongoing efforts to reduce this number.

In the spirit of EITC Awareness Day, we write today to follow up on the Treasury Inspector General for Tax Administration (TIGTA) Office of Inspections and Evaluations April 2018 report, “The Internal Revenue Service Should Consider Modifying the Form 1040 to Increase Earned Income Tax Credit Participation by Eligible Tax Filers.” The IRS estimates that in 2015, 1.7 million EITC-eligible filers filed a tax return but did not claim the credit. TIGTA noted that in an effort to reach such tax filers, the IRS spends \$2 million mailing notices alerting the filer of their potential eligibility – a notice to which half of the recipients did not respond. TIGTA also noted that the process for post-filing EITC outreach has not been fundamentally updated in 25 years.

We urge you to act on TIGTA’s recommendation to update the post-filing EITC outreach approach. Specifically, TIGTA recommended that IRS update its Form 1040 to include sufficient information to provide an eligible filer with an automatic refund. At the time of the report, IRS agreed to study this recommendation. As a follow-up, we appreciate your responses to the following questions:

1. Did the IRS study the TIGTA recommendation to evaluate alternative post-filing outreach approaches? What did you find from this evaluation? Has the IRS taken any steps to implement changes as a result?

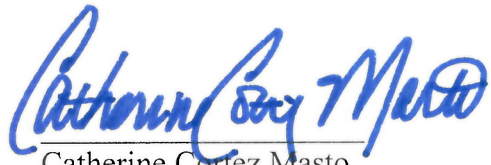
2. Given that EITC eligibility for workers without children is more straightforward and would not require changes to Form 1040, did IRS consider TIGTA's recommendation in Appendix V of its report? Has IRS studied or taken any steps to implement an automatic refund to EITC-eligible filers? If IRS has studied or taken any steps to implement an automatic refund to EITC-eligible filers, please provide us with the results of those studies.

Thank you for your efforts to raise awareness of the EITC and for your responses to the above questions.

Sincerely,



Sherrod Brown
United States Senator



Catherine Cortez Masto
United States Senator